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GREENWALD ON U.S. COMMODITIES POLICY

ANNCR:

IN WASHINGTON, THE CONGRESS HAS BEEN ASKED TO APPROVE THREE INTERNATIONAL AGREEMENTS DESIGNED TO ACHIEVE GREATER STABILITY IN WORLD COMMODITY PRICES...AS WE HEAR IN THIS REPORT BY VOA'S JOSEPH SULLIVAN.

VOICE:

THERE'S NO QUESTION THAT COMMODITY PRICES CAN BE EXTREMELY VOLATILE AND CAN HAVE A SUBSTANTIAL IMPACT ON THE ECONOMIES OF BOTH DEVELOPING AND DEVELOPED COUNTRIES. INDEED, THE SHARP RISE OF COMMODITY PRICES IN 1972 AND 1973 WAS A MAJOR FACTOR IN THE RAMPANT INFLATION OF THAT PERIOD. THE SUBSEQUENT SHARP FALL IN COMMODITY PRICES IN LATE 1974 AND 1975 GREATLY EXACERBATED THE BALANCE OF PAYMENTS PROBLEMS OF THOSE COMMODITY EXPORTING COUNTRIES WHICH HAD TO PAY SUBSTANTIALLY HIGHER PRICES FOR THEIR OIL PRICES. SUCH PRESSURES HAVE IN TURN INCREASED CALLS FOR NEW INTERNATIONAL ARRANGEMENTS TO ELIMINATE VIOLENT FLUCTUATIONS IN COMMODITY PRICES ON THE WORLD MARKET.

THE SENATE COMMITTEE ON FOREIGN RELATIONS LAST WEEK HEARD TESTIMONY BY ASSISTANT SECRETARY OF STATE JOSEPH GREENWALD ON THE INTERNATIONAL COFFEE AND TIN AGREEMENTS AND THE EXTENSION OF THE WHEAT TRADE AND FOOD AID CONVENTION. THE UNITED STATES HAS SIGNED THE THREE AGREEMENTS, BUT ALL REQUIRE CONGRESSIONAL APPROVAL FOR FORMAL RATIFICATION.

MISTER GREENWALD USED THE OCCASION TO DESCRIBE THE BASIC PRINCIPLES OF U.S. COMMODITIES POLICY. THE DEVELOPING COUNTRIES, HE OBSERVED, RELY ON COMMODITIES FOR APPROXIMATELY TWO-THIRDS OF THEIR EXPORT EARNINGS. AND BECAUSE OF THE IMPORTANCE OF THIS TRADE, HE SAID, COMMODITY PRICES HAVE BECOME A MAJOR ISSUE IN

THE SO-CALLED "NORTH-SOUTH" DIALOGUE. MANY THIRD WORLD NATIONS, HE ADDED, ARE SKEPTICAL THAT THE PRESENT INTERNATIONAL ECONOMIC SYSTEM IS RESPONSIVE TO THEIR CONCERNS, AND HAVE CALLED FOR A LARGER VOICE IN THE CONTROL OF COMMODITY PRICES.

THE FUNDAMENTAL OBJECTIVE OF U.S. INTERNATIONAL ECONOMIC POLICY, MISTER GREENWALD TOLD THE SENATE COMMITTEE, IS AN OPEN WORLD ECONOMY THAT PERMITS MARKET FORCES TO OPERATE WITH MINIMUM RESTRICTION ON THE FLOW OF GOODS, SERVICES, CAPITAL AND TECHNOLOGY ACROSS INTERNATIONAL BORDERS. THE UNITED STATES, HE ADDED, IS ALSO ENGAGED IN A CONCERTED EFFORT BY THE ECONOMICALLY-ADVANCED COUNTRIES TO IMPROVE THE DEVELOPMENT PROSPECTS OF THE DEVELOPING COUNTRIES.

ON THE SUBJECT OF COMMODITY AGREEMENTS, MISTER GREENWALD OBSERVED THAT THE UNITED STATES HAS CONSISTENTLY EMPHASIZED A CASE-BY-CASE APPROACH. THE PROBLEMS OF EACH COMMODITY, HE SAID, MUST BE CAREFULLY ANALYZED AND MEASURES ADOPTED WHICH WOULD BE SUITABLE FOR THAT PARTICULAR COMMODITY. THUS, HE EXPLAINED, THE UNITED STATES IS NOT COMMITTED TO NEGOTIATE PRICE STABILIZATION AGREEMENTS FOR EACH COMMODITY, OR TO BRING BEFORE THE SENATE EVERY COMMODITY AGREEMENT INTERNATIONALLY NEGOTIATED. AMERICAN COMMODITIES EXPERTS, HE STRESSED, HAVE CONCLUDED AFTER CAREFUL REVIEW THAT THE INTERNATIONAL COCOA AGREEMENT, AS PRESENTLY NEGOTIATED, IS NOT A WORKABLE AGREEMENT AND THE UNITED STATES HAS NOT SIGNED IT. ON THE OTHER HAND, HE SAID, THE EXPERTS BELIEVE THAT THE COFFEE AND TIN AGREEMENTS AND WHEAT TRADE CONVENTION ARE APPROPRIATE MECHANISMS FOR DEALING WITH THE COMMODITIES THEY COVER AND SHOULD RECEIVE U.S. SUPPORT.

MISTER GREENWALD TOOK NOTES OF THE CHALLENGE OF THE DEVELOPING COUNTRIES TO EXISTING WORLD ECONOMIC ARRANGEMENTS. BUT THAT CHALLENGE, HE SAID, SHOULD NOT LEAD TO CONFRONTATION. THUS, HE NOTED, IN SEPTEMBER OF LAST YEAR, AT THE SEVENTH SPECIAL SESSION OF THE U.N. GENERAL ASSEMBLY, SECRETARY OF STATE KISSINGER SOUGHT TO REVERSE THE TREND TOWARD NORTH-SOUTH CONFRONTATION AND TO SHIFT THE SUBSTANCE OF INTERNATIONAL DISCUSSIONS FROM IDEOLOGICAL DEBATE TO PRACTICAL MEASURES TO DEAL WITH CONCRETE ECONOMIC PROBLEMS. AND, IN MAY, HE ADDED, THE UNITED STATES AGREED AT THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT IN NAIROBI TO JOIN WITH THE DEVELOPING NATIONS IN FURTHER DISCUSSIONS OF EIGHTEEN MAJOR WORLD COMMODITIES OVER THE NEXT YEAR OR TWO.

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